



FmHA AN No. 2671 (1902)  
October 22, 1992

**SUBJECT: Using Supervised Bank Accounts for Farmer Programs Borrowers**

**TO: State Directors, District Directors, and County Supervisors**

**PURPOSE/INTENDED OUTCOME:**

The purpose of this Administrative Notice (AN) is to provide guidance on the use of Supervised Bank Accounts (SBAs). The intended outcome is to ensure that SBAs are used in accordance with FmHA Instructions, as a supervisory tool.

**COMPARISON WITH PREVIOUS AN:**

This AN replaces FmHA AN No. 2072(1902), which was issued on March 27, 1990, and expired January 31, 1991.

**IMPLEMENTATION RESPONSIBILITIES:**

Supervised Bank Accounts should be used when necessary to provide adequate borrower supervision and/or to protect the interests of the Government. Use of an SBA would be appropriate, for example, for cases in which FmHA and the borrower do not agree on the use of proceeds from the disposition of basic security, or the borrower has not decided how he/she wants to utilize the proceeds. However, when releasing normal income security proceeds, Form FmHA 1962-1 is usually more appropriate for tracking and monitoring use of funds. Proceeds from the sale of normal income security should be channelled through an SBA only in those cases in which the County Supervisor has determined that an SBA is warranted to protect the interests of the Government, or to help the borrower develop financial management skills.

Loan funds should be distributed using the multiple advance feature of the Loan Disbursement System. The SBA is a good supervisory tool for training borrowers to manage their accounts, but should not be used in place of multiple advances.

State Directors should monitor SBAs monthly to ensure that they are being properly utilized. Such monitoring can be done by requesting an Ad Hoc Report from the Field Office Operating Reporting System (FOORS), and

**EXPIRATION DATE: October 31, 1993**

**FILING INSTRUCTIONS:**  
Preceding FmHA  
Instruction 1902-A



sharing such reports with the Farmer Programs staff, District Directors (DD) and Program Review Assistants (PRA). Any questions or concerns on FOORS should be addressed to Barbara Anderson or Carol-Ann Jones, Statistics and Report Branch, at (703) 235-5519. PRAs and DDs should review SBAs during routine visits, determine if they are being used according to regulations, and include the findings in their reports.

This AN may not be revised and reissued by State Directors without prior approval by the Assistant Administrator, Farmer Programs, unless modification is necessary to comply with State law.

*LA Verne Ausman*  
LA VERNE AUSMAN  
Administrator

*for*